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# Proposed Regulation Agency Background Document

Agency name	Board of Dentistry, Department of Health Professions	
Virginia Administrative Code (VAC) citation		
Regulation title	Regulations Governing the Practice of Dentistry and Dental Hygiene	
Action title	Increase in fees	
Document preparation date	2/2/06	

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual.* 

#### Brief summary

In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.

Amendments to regulation are adopted in order to increase certain fees for the regulants of the Board, including dentists and dental hygienists, as necessary to provide sufficient funding for the licensing and disciplinary functions of the Board. An annual renewal fee for a dentist would be increased from \$150 to \$315 and for a dental hygienist from \$50 to \$80. Other fees, such as application and late fees that are tied to the renewal fee, would be increased correspondingly.

#### Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

**18VAC60-20-10** et seq. Regulations Governing the Practice of Dentistry and Dental Hygiene are promulgated under the general authority of Chapter 24 of Title 54.1 of the Code of Virginia.

Section 54.1-2400 (6) provides the Board of Dentistry the authority to promulgate regulations to administer the regulatory system and to levy fees:

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- § 54.1-2400. General powers and duties of health regulatory Boards.--The general powers and duties of health regulatory Boards shall be:
  - ...4. To establish schedules for renewals of registration, certification and licensure.
  - 5. To levy and collect fees for application processing, examination, registration, certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the Department of Health Professions, the Board of Health Professions and the health regulatory Boards.
  - 6. To promulgate regulations in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.) which are reasonable and necessary to administer effectively the regulatory system. Such regulations shall not conflict with the purposes and intent of this chapter or of Chapter 1 and Chapter 25 of this title...

The specific statutory mandate for an increase in fees is found in § 54.1 113:

#### § 54.1-113. Regulatory Boards to adjust fees.

Following the close of any biennium, when the account for any regulatory Board within the Department of Professional and Occupational Regulation or the Department of Health Professions maintained under § 54.1-308 or § 54.1-2505 shows expenses allocated to it for the past biennium to be more than ten percent greater or less than moneys collected on behalf of the Board, it shall revise the fees levied by it for certification or licensure and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

#### Purpose

Please explain the need for the new or amended regulation by (1) detailing the specific reasons why this regulatory action is essential to protect the health, safety, or welfare of citizens, and (2) discussing the goals of the proposal and the problems the proposal is intended to solve.

§ 54.1-113 of the *Code of Virginia* requires that at the end of each biennium, an analysis of revenues and expenditures of each regulatory Board shall be performed to ensure that each Board has sufficient revenue to cover its expenditures. At the conclusion of fiscal year '05, the deficit of the Board was \$532,651; it is projected that by the close of the 2004-2006 biennium, the Board of Dentistry will accumulate a deficit of \$1,047,443 and will continue to have a deficit through the next biennium, estimated to be \$1,644,301 at the end of FY07 and \$2,269,630 at the end of FY08. Since the fees from licensees will no longer generate sufficient funds to pay operating expenses for the Board, a fee increase is essential by the renewal deadline in March, 2007.

As mandated by law, the purpose of the proposed amendments is to establish fees sufficient to cover the policy-making, licensing and disciplinary activities of the Board of Dentistry. Without adequate funding, the licensing of practitioners could be delayed, and dental care in the Commonwealth would be less accessible. In addition, sufficient funding is essential to carry out

the investigative and disciplinary activities of the Board in order to protect the public health and safety.

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#### Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (More detail about these changes is requested in the "Detail of changes" section.)

Section 20 is being amended to comply with a statutory mandate for the Board to provide sufficient funding to cover expenses related to licensing, investigations and disciplinary proceedings. Renewal fees for dentists will increase from \$150 to \$315 per year; renewal fees for dental hygienists will increase from \$50 to \$80 per year. Other fees are amended proportionately, i.e., inactive fees are typically one-half the active renewal fee and late fees are one-third the renewal fee. The application fees for licensure by credentials are increased to \$525 for dentists and \$290 for hygienists, compared to the \$420 for licensure by examination for dentists and \$185 for hygienists. As proposed, the reinstatement fee would be inclusive of the renewal fee, the late fee and the fee for a reinstatement application.

#### **Issues**

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.

If the regulatory action poses no disadvantages to the public or the Commonwealth, please so indicate.

### 1) The primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions:

Fee increases proposed by the Board of Dentistry should have no disadvantage to the consuming public. There is no projection of a reduction in the number of applicants for licensure or the number of licensed persons available to provide dental services to the public. In fact, with licensure by credentials now available for dentists, there may be a modest increase in the number of practitioners. An increase in the renewal fee will result in an additional \$165 per year for a dental license and \$30 per year for a dental hygienist. With those increases spread across the patient population, it is not anticipated that the proposed fee increases will have any effect on prices for consumers.

There would be considerable disadvantages to the public if the Board took no action to address its deficit by increasing its fees to cover expenses. The only alternative currently available under the Code of Virginia would be a reduction in services and staff, which would result in delays in licensing applicants who would be unable to work and delays in approval or disapproval of

candidates to sit for examinations. Potentially, the most serious consequence would be a reduction in or reprioritization of investigation of complaints against dentists and dental hygienists. There may be delays in adjudicating cases of substandard practice, resulting in potential danger to the patients in the Commonwealth.

Practitioners licensed by the Board of Dentistry will experience increased renewal fees under the proposed regulations. While that is a disadvantage to the licensees, the alternative of reduced services for the Board would be unacceptable to applicants, licensees and the general public. As a special-fund agency, renewal fees pay the vast majority of the expenses of Board operations, which include inspections, investigation of complaints, adjudication of disciplinary cases, review and approval of applicants, verification of licensure and education to other jurisdictions and entities, and communications with licensees about current practice and regulation.

#### 2) The primary advantages and disadvantages to the agency or the Commonwealth:

As is stated above, the consequence of not increasing fees of the Board would be a reduction in services and staff, resulting in delays in licensing, reductions or delays in the cases investigated and brought through administrative proceedings to a hearing before the Board. The Board is solely funded by the fees charged to applicants and licensees. If increased fees are not adopted, the agency would have to cut its staff, both within the Board of Dentistry and within other divisions of the Department of Health Professions since the agency is dependent on revenues from the Board for approximately 5.42 % of its expenditures.

## 3) Other pertinent matters of interest to the regulated community, government officials, and the public:

During the development of the NOIRA and proposed regulations, representatives of Virginia Dental Association and the Virginia Dental Hygienist Association have been present. There was no comment from dentists or from the VDA but there were several comments from dental hygienists during the 30-day comment period on the NOIRA (see below).

#### Economic impact

Please identify the anticipated economic impact of the proposed regulation.

Projected cost to the state to implement and enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures

a) As a special fund agency, the Board must generate sufficient revenue to cover its expenditures from non-general funds, specifically the renewal and application fees it charges to practitioners for necessary functions of regulation; b) The agency will incur some one-time costs (less than \$1,000) for mailings to the Public Participation Guidelines mailing lists, conducting a public hearing, and sending notice of final regulations to regulated entities. Every effort will be made to incorporate those into anticipated mailings and Board meetings

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	already scheduled. There are no on-going costs to the
	agency.
Projected cost of the regulation on localities	There are none.
Description of the individuals, businesses or	The individuals that may be affected by the
other entities likely to be affected by the	regulation are applicants for licensure, certification
regulation	and registration and dentists and dental hygienists.
Agency's best estimate of the number of such	Dentists – 5552
entities that will be affected. Please include an	Dental hygienists – 4079
estimate of the number of small businesses	Oral-maxillofacial surgeon registration – 175
<b>affected.</b> Small business means a business entity,	Cosmetic certification – 12
including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than	The vast majority of the 5552 dentists would be
500 full-time employees or has gross annual sales	considered small businesses.
of less than \$6 million.	
All projected costs of the regulation for affected	
individuals, businesses, or other entities.	The cost for compliance will depend on the type of
Please be specific. Be sure to include the	license held and the particular fee being paid. For
projected reporting, recordkeeping, and other	example, if a dentist pays his renewal before the
administrative costs required for compliance by	expiration date, he will pay \$315; if the renewal fee
small businesses.	is late, he will owe an additional \$105. A dental
	hygienist will owe \$80 for renewal and another \$26
	if the renewal is late. For the projected costs to
	each of the affected entities and a projection of the
	number of persons or entities that will be affected,
	see a description of the changes below.

#### Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.

In the Code of Virginia, § 54.1-2400 requires the Board to: "levy and collect fees for application processing, examination, registration, certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the Department of Health Professions, the Board of Health Professions and the health regulatory Boards." In order to carry out its statutory mandate to protect the public health, safety and welfare and to levy sufficient fees to cover the direct expenses of the Board of Dentistry and the departmental expenses allocated to the Board, an increase in fees was necessary.

The Board received an extensive amount of information about the background for the deficit and alternatives in a presentation by the Finance Office of the Department of Health Professions. Detailed summaries of revenue and expenditures were examined, as well as information from enforcement on monthly costs by board and hours attributable to Dentistry by investigators and administrative proceedings staff. The Board had information on the number of adjudication specialists assigned to Dentistry, the number of billable hours and a chart on the number of new dentistry cases received each month for FY04 and FY05. Data on new applications, showing percentages of change, were considered to accurately project revenue in the coming years.

To resolve the budgetary issues, the Board directed the Finance staff to prepare options for resolving the shortfall in two to three years. As presented, Option #1 would increase the renewal fee for dentists from \$150 to \$300 and for hygienists, from \$50 to \$75; by the end of FY09, it was projected that the deficit would be eliminated and there would be a surplus of \$96,790. Option #2 would increase the renewal fee for dentists from \$150 to \$315 and for hygienists, from \$50 to \$80; by the end of FY09, it was projected that the deficit would be eliminated and there would be a surplus of \$435,585. Option#3 would increase the renewal fee for dentists from \$150 to \$330 and for hygienists, from \$50 to \$85; by the end of FY08, it was projected that the deficit would be eliminated and by FY09, there would be a surplus of \$764,515. Given that the Board has operated in a deficit for some time, the Board voted unanimously to adopt Option #2, which is projected to leave a deficit of only \$8,907 by FY08 and create a surplus by FY09 that would be adequate to accommodate some upward fluctuation in expenditures.

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In taking action to respond to deficits incurred by a regulatory board, the Board of Dentistry may consider three options as follows:

#### 1. Increase fees through the promulgation of regulations.

As required by law, the Board is obligated to establish and collect fees that are necessary to fund operations of the Board and the Department. An alternative is to seek the revenue from licensees and applicants to fully fund appropriated expenditures. Costs of services will be paid by patients who use the services of dental providers, but licensure fees represent a miniscule percentage of the over-all costs of health care. The cost of operation of regulatory boards does not significantly affect the cost or access to health care. However, failure to fully fund the licensing and disciplinary services through fees will have a detrimental affect on quality and availability of care.

#### 2. General Fund Support.

If the alternative is not to increase professional fees to meet increased cost of operations, then the only other source of funding the cash deficit is the General Fund. To permit General Fund support, the *Code of Virginia* would need to be amended to allow such funding as the *Code* restricts board revenue to fees. There are, however, potential and serious consequences with General Fund support.

- 1. Increasing General Fund support as more boards acquire deficits in the future.
- 2. Negative public reaction.
- 3. The use of general revenues (taxes) to support health regulatory boards which does not target costs to providers and consumers of services.

#### 3. Reduce department/board operations and staff and remain at current fee level.

In order to prevent deficit spending, the department would basically need to lay off staff to reduce expenses associated with operations. The net result being a delay in the performance of or the elimination of the following responsibilities:

- Investigations and discipline
- License renewals
- Regulation
- Inspections of dental offices as needed

Delays in licensing and investigation could place patients at risk as dentists who should not be practicing would continue to practice, and the supply of practitioners needed for the health care system would be delayed or curtailed. It is believed that these consequences would not be acceptable to the administration, the General Assembly, or to the general public.

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The last time amendments to increase fees were proposed in February of 2002, it was projected that there would be a deficit at the end of FY03 of (\$139,334), but with increased fees, the Board would realize a small surplus by the end of FY04 of \$37,570. By the time the final regulations were adopted and actually in effect in February of 2003, expenditures were higher than projected and revenues were smaller for FY02, so the projected deficit for FY03 was (\$320,008). The Board considered an additional increase at the time final regulations were adopted, but to do so would have necessitated additional opportunity for public comment. That would have delayed the adoption of final rules and would have resulted in an inability to have the increased fees in effect for March 2003 renewal. Without the fee increase in 2003, the deficit would have been even more significant. In adopting the proposed fee increase as final, the Board recognized and noted at that time that an additional fee increase was likely necessary in the near future.

#### Comparison of renewal fees in other states

Comparative data on dentistry fees in other states would indicate that fees in Virginia are generally in the mid-range for renewals and applications, but other states impose additional fees that are not currently charged to Virginia dentists and dental hygienists. A comparison of fees for **dentists** in neighboring states is as follows:

State	Fees (also in Virginia)	Fees (not charged in Virginia)
Virginia	Application - \$225	
	Annual renewal - \$150	
Maryland	Application - \$450	Specialty identification - \$150
-	Biennial renewal - \$415	Anesthesia/sedation permit - \$1050 for
		initial application & \$450 for renewal
		Facility permit - \$1050 for initial
		application & \$450 for renewal
		Corporate name - \$150
North Carolina	Application - \$675	Licensure by credentials - \$2000
	Annual renewal - \$229	Anesthesia/sedation permit & renewal - \$50
		each
		Anesthesia/sedation evaluation - \$275
		Anesthesia/sedation site inspection - \$175
Tennessee	Application - \$410	Licensure by credentials - \$560
	Biennial renewal - \$310	Specialty certification - \$150

		Initial sedation/anesthesia permit - \$300
		Biennial sedation/anesthesia permit - \$100
		In addition, Tennessee uses civil penalties
		imposed on licensees as revenue to Board
Kentucky	Application - \$280	Anesthesia permit - \$30
	Biennial renewal - \$230	Specialty examination - \$60
West Virginia	Application - \$50 (in-state)	Dental corporations – application \$200
	\$100 (out-of-state)	Annual registration - \$150
	Annual renewal - \$125	Dental specialty license - \$300

#### **Renewal Schedule**

Dentists and dental hygienists licensed by the Board renew their licenses every year by March 31st. Therefore, it is essential to have an increased fee in place by the end of 2006 in order to prevent the deficit from further accumulating by the time licenses are again renewed in the year 2007.

#### Public comment

Please summarize all comments received during public comment period following the publication of the NOIRA, and provide the agency response.

Commenter	Comment	Agency response
Maureen Glick, RDH, Board should provide a thorough		The Board has been provided with a
President of the Va. explanation of the appropriation of		thorough explanation of expenditures by
Dental Hygienists	fees based on expenditures. Also	category. It has also done an analysis of
Association	noted that the majority of the	the proportionality of dental and
	expenditures related to investigation	hygienists fees and expenditures. (See
	and adjudication of complaints is	below)
	attributable to dentists.	
Karen Plumley, RDH	Three person provided comment that	See below
Amy Rankin, RDH	deficits are due to increasing costs	
Elizabeth DiSilvo	for enforcement and administrative	
	proceeding, so it should not affect	
	fees for hygienists. If an increase is	
	necessary, it should be modest	
	because hygienist salaries are not	
	comparable to dentists.	
Dr. John Harris	Questioned the authority of the	Information received from the Finance
	Board to change fees unless there is	Office shows the deficit to be \$532,651
	a deficit from the last biennial period	as of June 30, 2005. With a budget of
	of at least 10%, rather than a	\$1,582,617, that is well in excess of
	projection of a deficit	10%, so the law <u>requires</u> the Board to
		amend its fees.

Agency response to comment about dental hygienist fees and a proposed increase related to expenditures.

To examine whether the proposed fees for hygienists were disproportionate to dental fees compared to expenditures attributable to hygienists, the following overview estimate of the budget was given:

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#### Percentage of total number of licensees:

58% Dentists (including O/M registration, cosmetic certification) 42% Dental Hygienists

#### Percentage of expenditures:

Based on FY05 cost analysis:

We attributed 100% of Enforcement; 100% of Administrative Proceedings Division; 82% of the Health Practitioner Intervention Program and 70% of the Attorney General costs were to dentists, since those are costs based on usage by boards; other direct and allocated expenditures were allocated on percentage of licensees for board because costs allocated to each board for Data, Human Resources, Director's office, etc. are based on number of licensees. The result is that:

80% of expenditures could be attributable to Dentists 20% of expenditures could be attributable to Dental Hygienists

#### Percentage of projected revenue:

Based on Option #1 fee increase

Revenue line items for dentists = \$1,778,795 Revenue line items for hygienists = \$336,765

84% of revenue – Dentists 16% of revenue – Dental Hygienists

Based on this calculation, the Board concluded that hygienists are not paying a disproportionate percentage of the expenditures of the Board of Dentistry.

#### Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability.

In its analysis of the proposed regulatory action, the agency has determined that there is no potential impact on the institution of the family and family stability. There will be a modest impact on disposable family income, as dentists and dental hygienists will experience an increase in the cost of maintaining a license. Compared to other costs of doing business, such as finding and hiring qualified personnel and third party billing, licensure fees are relatively insignificant.

### Detail of changes

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Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.

Current section number	Proposed new section number	Current requirement	Proposed change and rationale
20	n/a	Establishes the schedules and fees for renewal and reinstatement	Changes in the fees are listed as follows:  A. Renewal fees. 1. The fee for renewal of an active license or permit to practice or teach dentistry shall be \$150 315, and the fee for renewal of an active license or permit to practice or teach dental hygiene shall be \$50 80.  Renewal fees were set as necessary to provide sufficient revenue for the board to eliminate a significant deficit and provide funding through the coming biennia adequate to avoid another fee increase.  2. The fee for renewal of an inactive license shall be \$75 158 for dentists and \$25 45 for dental hygienists.  Inactive fees are set at ½ the active renewal fee.  4. The application fee for a temporary resident's license shall be \$55 60. The annual renewal fee shall be \$35 40 a year.  B. Late fees. Any person who does not return the completed form and fee by the deadline required in subsection A of this section shall be required to pay an additional late fee of \$50 105 for dentists with an active license and \$20 26 for dental hygienists with an active license. The late fee shall be \$50 for dentists with an inactive license and \$15 for dental hygienists with an inactive license.  Late fees are set at 1/3 the renewal fees.  C. Reinstatement fees and procedures. 1. Any person whose license has expired for more than one year and who wishes to reinstate such license shall submit to the board a reinstatement application, the renewal fee and the reinstatement fee of \$225 525 for dentists and \$135 10 for dental hygienists.

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			The reinstatement fee is inclusive of the renewal fee, the late fee and an administrative fee for processing a reinstatement application. If the fee had remained at \$225 (as in the current regulation), it would have cost more to reinstate when the renewal fee is added.
			D. Any person whose license has been revoked shall submit to the board for its approval a reinstatement application and fee of \$750 1,050 for dentists and \$500 525 for dental hygienists. Any person whose license has been indefinitely suspended shall submit to the board for its approval a reinstatement application and fee of \$350 790 for dentists and \$250 420 for dental hygienists.
			Fees for reinstatement after revocation or suspension are higher because the process involves a background investigation with significantly more costs than a normal reinstatement of a lapse license.
30	n/a	Sets other fees, such as application fees	A. Dental licensure application fees. The application fee for a dental license by examination, a license to teach dentistry, a full-time faculty license, or a temporary permit as a dentist shall be \$225 420. The application fee for dental license by credentials shall be \$525.
			B. Dental hygiene licensure application fees. The application fee for a dental hygiene license by examination, a license to teach dental hygiene, or a temporary permit as a dental hygienist shall be \$135 185. The application fee for dental hygienist license by endorsement shall be \$290.
			The application fee includes costs for review (sometimes involving board member time), processing and following up to ensure the application is complete and the renewal fee for one full renewal year. There are additional requirements and verifications for licensure by credentials or endorsement, so the increased fee reflects the additional work involved in the review and approval of such an application.
			C. Duplicate wall certificate. Licensees desiring a duplicate wall certificate shall submit a request in writing stating the necessity for such duplicate wall certificate, accompanied by a fee of \$25 65.
			The fee is calculated on the actual cost to the

			Board for producing the certificate and having it calligraphied.
			D. Duplicate license. Licensees desiring a duplicate license shall submit a request in writing stating the necessity for such duplicate license, accompanied by a fee of \$10 21. If a licensee maintains more than one office, a notarized photocopy of a license may be used.
			The fee represents increased cost for staff time in producing a duplicate license and managing the contacts/mailings.
			E. Licensure certification. Licensees requesting endorsement or certification by this board shall pay a fee of \$25 40 for each endorsement or certification.
			The fee represents increased cost for staff time in managing the contacts/mailings associated with endorsement to another jurisdiction.
			F. Restricted license. Restricted license issued in accordance with §54.1-2714 of the Code of Virginia shall be at a fee of \$150 315.
			This licensure category is always consistent with the fee for active licensure, since persons holding this license can actively engage in full-time practice in certain settings.
			I. Returned check. The fee for a returned check shall be \$25 35.
			This returned check fee is consistent with the required fee set in the Administrative Process Act.
250	n/a	Sets fees for the registration of oral and maxillofacial	Fees were increased by a minimum of 5% across the board, so all fees for oral and maxillofacial surgeons were increased correspondingly.
		surgeons.	Within 60 days after the effective date of this section, every licensed dentist who practices as an oral and maxillofacial surgeon, as defined in §54.1-2700 of the Code of Virginia, shall register his practice with the board and pay a fee of \$175 185.
			1. After initial registration, an oral and maxillofacial surgeon shall renew his registration annually on or before December 31 by payment of a fee of \$175 185.

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			3. Within one year of the expiration of a registration, an oral and maxillofacial surgeon may renew by payment of the renewal fee and a late fee of \$55 65.
			4. After one year from the expiration date, an oral and maxillofacial surgeon who wishes to reinstate his registration shall update his profile and pay the renewal fee and a reinstatement fee of \$175 360.
310	n/a	Establishes the credentials for certification to do cosmetic procedures	An applicant for certification shall: 2. Submit a completed application and fee of \$225 236;
320	n/a	Establishes the procedure and fee for renewal of certification	In order to renew his certification to perform cosmetic procedures, an oral and maxillofacial surgeon shall possess a current, active, unrestricted license to practice dentistry from the Virginia Board of Dentistry and shall submit along with the renewal application a fee of \$100 to or before December 31 of each year.